

May 19, 2004

STEPHEN FINLEY  
12606 SE 30<sup>TH</sup> #3  
BELLEVUE WA 98005

Subject: Complaint filed against the Cynthia Sullivan Surplus Funds  
Account – PDC Case No. 04-023

Dear Mr. Finley:

The Public Disclosure Commission staff has completed its investigation of your complaint received August 22, 2003, alleging that Cynthia Sullivan: 1) failed to timely report expenditures made from her Surplus Funds account, an alleged violation of RCW 42.17.090; and 2) made unauthorized expenditures from her Surplus Funds account, an alleged violation of RCW 42.17.095.

PDC staff reviewed your complaint in light of the following statutes and administrative rule:

**RCW 42.17.095** states that the surplus funds of a candidate may only be used for transfers without limit to a political party or to a caucus political committee, for charitable donations, for transfers to campaign accounts for use in campaigns for the same office, or for nonreimbursed public office-related expenses. This section states that any such disposition of surplus funds must be reported in accordance with RCW 42.17.090. This section also states that the funds of a candidate may not be transferred to any other candidate or other political committee.

**RCW 42.17.090** specifies the contribution and expenditure information required to be disclosed according to the schedule contained in RCW 42.17.080.

**WAC 390-24-032** defines a “nonreimbursed public office related expense” as an expenditure incurred by an elected or appointed official, or a member of his or her immediate family, solely because of being an official.

You alleged that Cynthia Sullivan failed to timely report expenditures made from her Surplus Funds account, specifically, contributions to the 46<sup>th</sup> District Democrats, the

House Democratic Campaign Committee, The Student Council, and the King County Democrats.

RCW 42.17.095 requires the disposition of funds deposited in a Surplus Funds account to be reported in accordance with RCW 42.17.090. RCW 42.17.090 dictates the contents of required reports, but does not address the issue of timeliness. PDC staff advises candidates and officials maintaining Surplus Funds accounts to report according to the regular schedule of contribution and expenditure reports.

You alleged that Cynthia Sullivan made unauthorized expenditures from her Surplus Funds account, including a \$2,000 expenditure to E Research Services on June 20, 2001 for “Consulting and Research.”

- We found that the expenditure to E Research Services was for services relating to the 2001 – 2002 King County Council District redistricting process, including analyses of redistricting proposals presented by both the Republican and Democratic caucuses on the council. This expenditure appears to satisfy the definition contained in WAC 390-24-032 of a nonreimbursed public office related expense.

The expenditures from surplus funds which you alleged were unauthorized included a \$2,000 expenditure to the King County Democrats on October 11, 2001 for “Research.”

- We found that the expenditure to the King County Democrats was mistakenly described in Ms. Sullivan’s reports as “Research.” This expenditure was a monetary contribution to a political party, permissible under RCW 42.17.095(3).

The expenditures from surplus funds which you alleged were unauthorized also included a \$150 reimbursement to Cynthia Sullivan on October 10, 2001 for a post office box rental.

- We found that in reimbursing herself \$150 for a post office box rental, Cynthia Sullivan made a permissible campaign expenditure. She made this expenditure directly from her Surplus Funds account, rather than transferring funds to an active campaign account and making the expenditure from that account, as is preferred.

You alleged that the \$150 reimbursement for a post office box rental was a campaign expenditure, and that following this expenditure, the remaining funds in Ms. Sullivan’s Surplus Funds account became active campaign funds. You therefore alleged that the \$2,000 contribution to the King County Democrats, a \$1,000 contribution to The Student Council, and a \$150 contribution to the House Democratic Campaign Committee, all made on October 11, 2001, were unauthorized uses of active campaign funds.

- We found that the \$150 campaign expenditure did not affect the eligibility of the funds remaining in Ms. Sullivan's Surplus Funds account to be used for purposes contained in RCW 42.17.095, including transfers to political parties and caucus political committees. Thus, the \$2,000 contribution to the King County Democrats and \$150 contribution to the House Democratic Campaign Committee were permissible surplus funds expenditures.

In the course of our investigation, we found that Ms. Sullivan's \$1,000 contribution to The Student Council, made from surplus funds on October 11, 2001, was a contribution to a political committee, and therefore not permissible under RCW 42.17.095(8). Ms. Sullivan said she understands that a candidate's funds may not be used to make contributions to a political committee or candidate. She stated that she does not recall authorizing this contribution, and said the two members of her former King County Council staff who were also authorized to make expenditures from surplus funds said they had never heard of The Student Council and could not explain why the contribution was made. While the Public Disclosure Commission does not condone the improper use of surplus funds, this expenditure represents an isolated instance in which an expenditure from Ms. Sullivan's Surplus Funds account was not carefully controlled. Ms. Sullivan will be cautioned to ensure that future expenditures from her Surplus Funds account are authorized by her or her treasurer, and that all such surplus funds expenditures comply with RCW 42.17.095. Thus, no further enforcement action is warranted in this instance.

After a careful review of the alleged violations and relevant facts, we have concluded our investigation and, with the concurrence of the Vice Chair of the Public Disclosure Commission, acting on behalf of the Chair, I am dismissing your complaint against the Cynthia Sullivan Surplus Funds account.

If you have questions, please contact Phil Stutzman, Director of Compliance, at (360) 664-8853 or toll-free at 1-877-601-2828 or by e-mail at [pstutzman@pdc.wa.gov](mailto:pstutzman@pdc.wa.gov).

Sincerely,

Vicki Rippie  
Executive Director

c: Cynthia Sullivan